

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-13 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 PA-01 PRS-01 /095 W
-----041514Z 052230 /50

R 041359Z APR 77
FM AMEMBASSY VIENNA
TO SECSTATE WASHDC 1280
INFO AMEMBASSY MOSCOW
AMEMBASSY LONDON
AMEMBASSY BELGRADE
AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW
USMISSION EC BRUSSELS
USMISSION BERLIN

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EO 11652: N/A
TAGS: EEWT, EFIN, CEMA, AU
SUBJ: GOA NEGOTIATIONS WITH SOVIETS FOR A TRANSFERABLE RUBLE
ARRANGEMENT

REF: VIENNA 2161

1. WHEN A DELEGATION OF AUSTRIAN FINANCE MINISTRY AND
NATIONAL BANK REPRESENTATIVES VISITED THE USSR LATE IN 1976,
Y.A. IVANOV, BOARD CHAIRMAN OF THE USSR BANK OF FOREIGN
TRADE, INVITED AUSTRIAN BANKS TO SETTLE SOME OF THEIR
TRANSACTIONS WITH THE USSR IN TRANSFERABLE RUBLES (TR).
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OVER SUBSEQUENT MONTHS, GOA OFFICIALS AND BANKERS STUDIED
THE SOVIET PROPOSAL AND WORKED OUT AN AUSTRIAN REPLY. IN
MID-MARCH, SIMON MOSKOVICS, HEAD OF BANKHAUS WINTER & CO,
VIENNA, ONE OF EUROPE'S LEADING SWITCH BANKS, WAS DELE-
GATED TO PRESENT THIS REPLY IN MOSCOW.

2. IN A CONVERSATION WITH EMBOFF, MOSCOVICS EXPLAINED

THAT AUSTRIA IS INTERESTED IN TR ACCOUNTING ONLY IF IT OFFERS OPPORTUNITIES FOR ADDITIONAL AUSTRIAN EXPORTS, PARTICULARLY OF CONSUMER GOODS. THE AUSTRIAN COUNTER-PROPOSAL SUGGESTS THAT TR PAYMENTS FOR SUCH ADDITIONAL EXPORTS BE MADE TO A SPECIAL ACCOUNT AT A BANK OF SOVIET PREFERENCE (E.G. VNESHTORGBANK OR IBEC). LIKE THE TR ACCOUNTS OF CMEA MEMBERS, THE AUSTRIAN SPECIAL ACCOUNT SHOULD EARN INTEREST WITH THE MAXIMUM RATE 40PERCENT. AUSTRIA WOULD USE THE TRS TO PURCHASE SOVIET GOODS OF AUSTRIAN CHOICE AT "WORLD MARKET" PRICES. THE USSR WOULD UNDERTAKE TO SEE THAT SUCH PRODUCTS WERE AVAILABLE. IF FOR SOME REASON (PRICES, QUOTAS, ETC.) AUSTRIA SHOULD NOT BE ABLE TO USE THE TRS WITHIN ANEGOTIATED PERIOD OF FROM ONE TO TWO YEARS, THEN AUSTRIA WOULD BE ABLE TO CONVERT ITS TRS INTO AUSTRIAN SCHILLINGS AT THE CURRENT FOREIGN EXCHANGE RUBLE-SCHILLING RATE.

3. MOSCOVICS SAID HE AUSTRIAN PROPOSAL WAS RECEIVED FAVORABLY BY THE GOSBANK. HOWEVER, THE CHIEF OF THE FINANCIAL DEPARTMENT AT THE FOREIGN TRADE MINISTRY FELT THE PROPOSAL WOULD REVIVE THE OLD CLEARING SYSTEM, WHICH WAS NOT DESIRED. THE CHAIRMAN OF IBEC WAS ALSO UNSYMPATHETIC ON GROUNDS THAT GRANTING AUSTRIA A SPECIAL CONVERTIBLE ACCOUNT WOULD CAUSE ADVERSE REACTIONS FROM THE CMEA COUNTRY TR ACCOUNT HOLDERS (WHICH REPORTEDLY NOW AMOUNT TO TR 82 BILLION). GOA IS NOW AWAITING AN OFFICIAL SOVIET RESPONSE.MEEHAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEBT REPAYMENTS, CURRENCIES, LOANS
Control Number: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977VIENNA02619
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770116-0862
Format: TEL
From: VIENNA
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770489/aaaacztp.tel
Line Count: 88
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 595479aa-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 VIENNA 2161
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 19-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2899819
Secure: OPEN
Status: NATIVE
Subject: GOA NEGOTIATIONS WITH SOVIETS FOR A TRANSFERABLE RUBLE ARRANGEMENT
TAGS: EEW, EF, AU, UR, CEMA
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/595479aa-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009